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United States Senate

COMMITTEE ON BANKING, HOUSING, AND
URBAN AFFAIRS

WASHINGTON, DC 20510-6075

January 24, 2003

The Honorable Mel Martinez
Secretary
U.S. Department of Housing and Urban Development
451 Seventh Street, SW
Washington, DC 20410

Dear Mr. Secretary:

We are deeply concerned about HUD's recent decision to cut public housing operating funding by 30 percent. Public housing assists over 1.5 million of America's most vulnerable families, many of whom are elderly, who are unable to afford housing because incomes have not kept pace with rising rent costs. A cut of the magnitude proposed by HUD would result in staff and service reductions, delayed or foregone repairs (compounding future costs), and a reduction in the number of families served.

Late last year, staff from the Committee on Banking, Housing and Urban Affairs met with Assistant Secretary Michael Liu after learning that due to systems and accounting errors, HUD had a shortfall of \$250 million in the Public Housing Operating Fund for FY02. At that meeting, Mr. Liu indicated that HUD would seek an additional \$250 million in emergency funding in the Continuing Resolution then under consideration. Unfortunately, HUD has not sought additional funding to remedy this situation. Instead, HUD has requested that \$250 million from FY03 appropriations be used to make up for the FY02 shortfall. While this will address the funding of housing authorities for FY02, it will result in an immediate shortfall of \$250 million for FY03. We urge you to take all necessary steps to seek additional funding from Congress so that the federal investment in public housing is protected and as many families as possible can live in decent, safe and affordable housing.


While awaiting additional funding, HUD can take immediate steps to minimize extensive cuts in the public housing program. The 30 percent reduction decision recently taken by HUD is unnecessary and irresponsible. Based on the funding levels contained in the Continuing Resolution and proposed by both the House and the Senate Appropriations Committees, HUD could, and should, restore some of this funding pending a final appropriations bill, at which time final adjustments to funding could be made. HUD itself has indicated that they will likely be able to fund public housing closer to 90 percent of costs later this year. We urge you to make interim adjustments in funding as soon as possible to reflect the funding levels that HUD reasonably anticipates, thereby

enabling PHAs to avoid cutting off assistance to needy families.

In addition, we urge the Department to estimate accurately future public housing needs and to seek adequate funding.

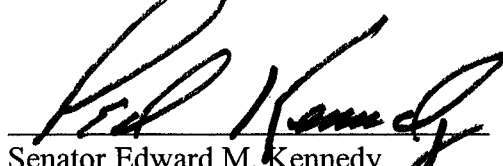
Sincerely,


Senator Paul S. Sarbanes

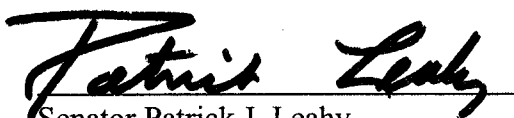

Senator Christopher J. Dodd



Senator Charles E. Schumer

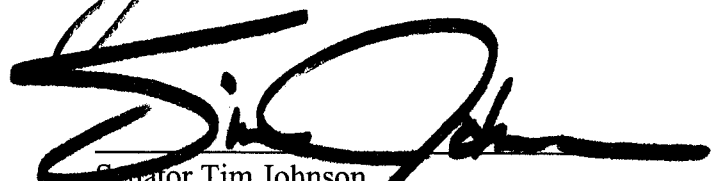

Senator Debbie A. Stabenow

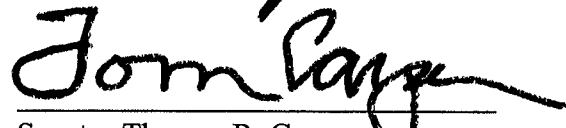

Senator Edward M. Kennedy

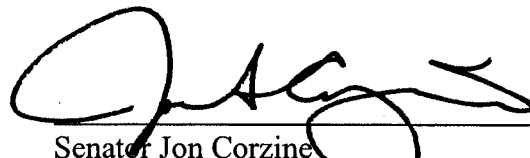

Senator Daniel K. Akaka


Senator Patrick J. Leahy

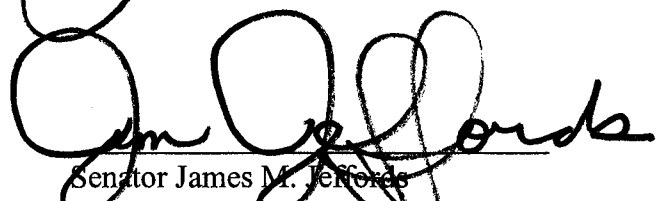

Senator Jack Reed

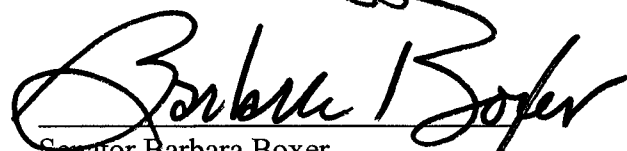

Senator Tim Johnson


Senator Thomas R. Carper


Senator Jon Corzine


Senator John B. Breaux


Senator James M. Jeffords



Senator Barbara Boxer



Senator Mary Landrieu



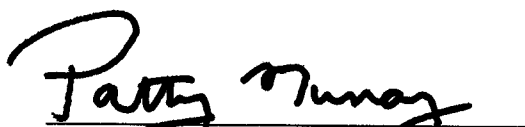
Senator Richard J. Durbin




Senator Tom Harkin



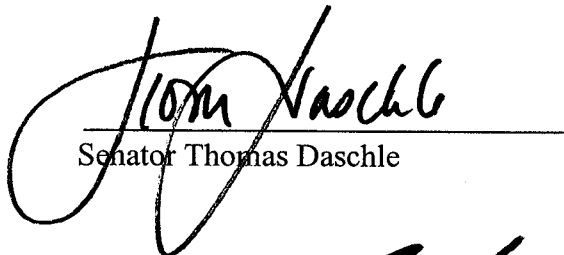
Senator Ron Wyden



Senator Patty Murray



Senator John D. Rockefeller, IV



Senator Thomas Daschle



Senator Evan Bayh



Senator Maria Cantwell



Senator Carl Levin